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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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November 5, 2010

Eulonda Nevels, Program Director
YWCA
3820 West Pine
St. Louis, MO 63112

RE: Supportive Housing Program (SHP) (Project #2010-HOM3)

Dear Mr. Nevels:

Enclosed is a report of our fiscal monitoring review of the YWCA, a not-for-profit organization, SHP, for the period July 1, 2009 through August 31, 2009. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of the YWCA. Fieldwork was completed on November 10, 2009.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Department of Human Services (DHS) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

A handwritten signature in black ink that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Walter Danneman, Accounting Coordinator, DHS
Antoinette Triplett, Manager II-Homeless Services, DHS



CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)**

**YWCA
CONTRACT #58160
CFDA #14.235**

FISCAL MONITORING REVIEW

JULY 1, 2009 THROUGH AUGUST 31, 2009

PROJECT #2010-HOM3

DATE ISSUED: November 5, 2010

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)
YWCA
FISCAL MONITORING REVIEW
JULY 1, 2009 THROUGH AUGUST 31, 2009**

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INTRODUCTION

Background

Contract Name: YWCA Phyllis Wheatley Transitional Housing Program

Contract Number: 58160

CFDA Number: 14.235

Contract Period: July1, 2009 through August 31, 2009

Contract Amount: \$153,194

This contract provided Supportive Housing Program (SHP), funds to YWCA (Agency) for opportunities for women in the City of St. Louis to improve their lives with assistance in developing economic, social and leadership skills to successfully return to independent housing and jobs.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Department of Human Services (DHS) requirements for the period July 1, 2009 through August 31, 2009, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by DHS. Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary. Fieldwork was completed on November 10, 2009.

Exit Conference

An exit conference was conducted at the Agency on September 8, 2010. The Agency was represented at the exit conference by Latriece Kimbrough and Eulonda Nevels. The Internal Audit Section was represented by Jeremy Holtzman Auditor II and Shania Woodhouse Auditor I.

Management's Responses

The management's responses to the observations and recommendations identified in the draft report from the Agency were received on September 20, 2010. These responses have been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local DHS requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2009-HOM15 issued July 31, 2009, contained no observations.

A-133 Status

The Agency expended \$500,000 or more in federal funds for the year ended December 31, 2008; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated June 24, 2009 and rendered an unqualified opinion on internal control over financial reporting and internal control over major programs. No material weaknesses were identified, no significant deficiencies were identified that were not considered to be material weaknesses, and no noncompliance material to financial statements noted for internal control over financial reporting and major programs.

The auditee qualified as a low-risk auditee.

Summary of Current Observations

A recommendation has been made for the following observation, which if implemented could assist the Agency in fully complying with federal, state and local DHS requirements.

- The Agency over-billed payroll expenses

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

The Agency Over-billed Payroll Expenses

The Agency over billed payroll expenses for the months of July and August resulting in total questioned costs of \$3,310.83 as follows:

July 2009

A	B	C	D	E
Position/Title	FTE Percentage	Contract Amount \$	Reimbursement Amount \$	Questioned Cost (C-D) \$
Employee Services	25%	208.45	246.76	38.31
Employee Services	25%	186.51	246.76	60.25
Employee Services	25%	186.51	246.76	60.25
Case Management	-	-	755.72	755.72
Case Management	48%	358.09	394.81	36.72
Case Management	48%	358.09	394.81	36.72
Education & Instructions	35%	478.80	717.17	238.37
Education & Instructions	35%	428.40	717.17	288.77
Education & Instructions	35%	428.40	717.17	288.77
Mental Health	52%	332.80	688.96	356.16
Mental Health	52%	499.20	688.96	189.76
Mental Health	52%	499.20	688.96	189.76
Total				2,539.56

August 2009

Employee Services	25%	186.51	224.24	37.73
Education & Instructions	35%	428.40	795.17	366.77
Education & Instructions	35%	428.40	795.17	366.77
Total				771.27
Grand Total				3,310.83

Full Time Employee (FTE) percentage and contract amount for each position above are provided in Exhibit 4 and 5, Supportive Services and Operating Budget, of the grant agreement.

The Agency did not have a system of internal control in place to ensure all requests for reimbursements comply with the terms and conditions of the contract.

Non-compliance with the requirements of the grant contract agreement may result in questioned costs, suspension or termination of the federal award.

Recommendation

It is recommended that the Agency:

- Repay DHS \$3,310.83 for the over billed payroll expenses.
- Establish a system of internal controls to prevent differences between the contract budgets and the expenses claimed for reimbursements.

Management's Response

The YWCA does not concur with the observation listed in the report which states that we were over-reimbursed for payroll expenses for the following reasons:

- 1. We do not agree with how the unit costs were calculated for the months in question because our payroll expenses vary each month due to the number of pay periods within the month, i.e. some months have 3 pay periods and some months have 2 pay periods. This results in varying unit costs each month.*
- 2. Due to employee turnover, other staff had to be inserted to fulfill the roles outlined in the contract to ensure that the same level of service was provided to the participants. The salary expense for these staff was greater than originally budgeted.*
- 3. We did not meet or exceed the annual budget or the line item costs outline in the budget for the grant year reviewed.*

Auditor's Comment

Since the Agency did not exceed the budget or the budget line items, the questioned costs of \$3,310.83 will not need to be repaid to DHS. For future contracts, the Agency needs to track and keep adequate documentation for all personnel charged to the grant due to employee turnover or other reasons.